

BILL ANALYSIS

Senate Research Center

S.B. 462
By: Harris
Intergovernmental Relations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law limits the total hotel occupancy tax revenue that can be appropriated for certain purposes. Prior to the enactment of these limitations in Chapter 351, Tax Code, some cities used the revenues to back bonds for the purpose of building community art centers. While these bonds are in place, the restrictions on the use of the revenues does not apply. However, once the local bonds are paid the limitation does apply and cities may experience operating shortfalls, with regard to these community centers.

S.B. 462 authorizes certain municipalities to appropriate funds out of the total hotel occupancy tax revenue for certain art-related funding.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 351, Tax Code, by adding Section 351.1077, as follows:

Sec. 351.1077. ALLOCATION OF REVENUE FOR THE ARTS FOR CERTAIN MUNICIPALITIES. (a) Provides that this section applies to a municipality that has a population of more than 190,000, is located in a county in which another municipality that has a population of more than one million is predominately located, and issued bonds before January 1, 2007, for the construction of a municipal arts center payable from and secured by revenue from the tax imposed under this chapter (Municipal Hotel Occupancy Taxes).

(b) Authorizes a municipality to which this section applies (municipality) to use an amount that is less than or equal to 15 percent of the hotel occupancy tax revenue collected by the municipality to promote tourism and the convention and hotel industry for the purpose of the encouragement, promotion, improvement, and the application of the arts.

(c) Authorizes a municipality to use an amount that is less than or equal to an additional \$1.6 million in hotel occupancy tax revenue collected by the municipality for the purposes provided by Section 351.101(a)(4), notwithstanding any other provision of this chapter. Provides that the \$1.6 million is in addition to the 15 percent amount allowed by Subsection (b).

(d) Prohibits a municipality from reducing the amount of revenue that an arts center that receives funds under Subsection (b) spends for a purpose described by Section 351.101(a)(3) to an amount that is less than the amount of revenue spent by the arts center for those purposes during the fiscal year of the arts center preceding the effective date of this section. Provides that if the municipality reduces the funding of the arts center under Subsection (b), the art center's required funding amount for purposes described by Section 351.101(a)(3) is also reduced by a proportional amount.

(e) Requires an arts center that receives funds under Subsection (b) to include a website address that contains a link to area hotels and lodging options in the municipality on all materials produced for the purposes of Section 351.101(a)(3).

(f) Provides that this section expires on September 1, 2022.

SECTION 2. Effective date: upon passage or September 1, 2007.